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May 15, 1996

P̃re-MUR 329

Federal Election Commission
Administrative Division
999 "E" Street, NW
Washington, DC   20463

    Re: Unregistered Conduit Report

To Whom It May Concern:

        I am writing on behalf of the Orange County Democratic
Party and Central Committee (the "Party") to provide the
Commission, in accordance with Title 11, Code of Federal
Regulations, Part 110.6(c)(1)(ii), with information that has come
to the attention of the Party regarding a contribution to the
Prince for Congress campaign (CA 46th CD) in which an individual
associated with the Party has apparently served as a conduit.
Although the Party is not aware of all of the circumstances
surrounding this contribution and its investigation into this
matter is still ongoing, the Party wishes to share with the
Commission the information it has been able to gather at this
time.

        Jim Prince was a candidate for the Democratic Party
nomination to the 46th Congressional District in California at
the primary election held on March 26, 1996. (Mr. Prince was
unsuccessful in that primary election, which was won by candidate
Loretta Sanchez.) Shortly before the election, a mailer was
distributed to voters of the 46th CD, allegedly under the
auspices of the County Democratic Party, informing them that the
State Democratic Party had endorsed candidate Prince (as well as
another identified candidate for state assembly in an overlapping
district) and urging them to vote on Election Day. Neither the
Party's treasurer nor its Executive Committee had authorized any
mailing or expenditure of funds for such purpose, so -- shortly
after the election -- the Executive Committee met and retained
our firm to investigate the matter and provide advice regarding
the appropriate action to take depending upon the results of that
investigation.

        Although, as mentioned above, our investigation is not
complete and some of the information we have received to date is
conflicting, the Party has learned enough about the circumstances
surrounding the mailer to provide the Commission with the
following information: The mailer was produced and paid for by
James Toledano, using $10,000 received in a check from Paul W.
LaPrade, who we understand is a doctor, employed by Southwestern

Neurosurgery, with a mailing address of ⌐‾‾‾‾‾‾‾‾‾‾‾‾‾‾‾⌐
Paradise Valley, Arizona 85253. Based on the totality of
circumstances, it is our conclusion that the contribution should
most appropriately be characterized as an in-kind contribution of
$10,000 from Dr. LaPrade to the Prince for Congress campaign
committee, with James Toledano as the conduit or intermediary.
Mr. Toledano is an attorney at the law firm of Toledano & Wald,
with a mailing address of 18201 Von Karman Avenue, Suite 1000,
Irvine, California 92715. We are uncertain of the exact date the
contribution was received, but are aware that it was in
Mr. Toledano's possession as of March 6, 1996.

        Mr. Toledano deposited the check from Dr. LaPrade in a
new bank account he opened in the name of the Democratic Party of
Orange County and then used those funds to make payments to the
Postal Service, a mailing house, and a printer in order to
distribute the mailer. Mr. Toledano serves as the Chair of the
County Party and was apparently able to open the new account in
the Party's name because the Party had an existing account at
that same bank. Bank records show the account being opened as of
March 7, 1996. To our knowledge, Mr. Toledano is the only
signatory to the new account he opened.

        We have learned that the Prince for Congress campaign
committee (FEC I.D. No. C00303990), in its April 15, 1996,
Quarterly Report, reported the LaPrade contribution as having
been conveyed to the Prince Committee through the Orange County
Democratic Party as an intermediary. As explained above, this
information is not correct, and by copy of this letter, we are so
informing the Prince Committee and its past Treasurer, Kinde
Durkee, of that error. Our investigation of this matter has
determined that the actions described above were taken by
Mr. Toledano, acting on his own, without the Party's knowledge
and without its authorization.

        In contravention of the Party's by-laws, Mr. Toledano
did not inform or consult with the Executive Committee or any of
its members either before or after the bank account was opened
and the mailer was distributed, nor did Mr. Toledano ever request
authorization from the Executive Committee or the Treasurer to
receive or expend funds on the Party's behalf. The County Party
had no intention of making contributions to or expenditures on
behalf of any candidates in the March 26, 1996, primary election
and had not even established a registered political committee for
the purpose of participating in federal election campaigns. As
reflected in correspondence of March 26, 1996, from Mr. David
Levy to Mr. Lawrence Noble of the Federal Election Commission,
the County Party's Treasurer was not aware of Mr. Toledano's
activities, and Mr. Toledano had no authority to open up a bank

account in the Party's name. In short, Mr. Toledano acted solely
on his own in serving as the intermediary for this contribution
and in arranging for the distribution of the mailer. No one else
associated with the Party had any knowledge or involvement in
these events, and upon learning of Mr. Toledano's actions after
the fact, the Party's Executive Committee unanimously agreed that
Mr. Toledano had neither explicit nor implicit authority to act
as he did in the name of the Party.

We will attempt to keep you informed of any additional
information that may come to our attention in connection with
this matter. In the meantime, please feel free to contact me
should you have any questions.

Sincerely yours,

Fredric D. Woocher

cc: James Toledano
     Prince for Congress Committee
     Kinde Durkee